



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 25, 2005

H.J. Res 27

A joint resolution withdrawing the approval of the United States from the agreement establishing the World Trade Organization

As ordered reported by the House Committee on Ways and Means on May 24, 2005

CBO estimates that enacting H.J. Res. 27 would likely have no effect on the federal budget. The legislation would withdraw the U.S. Congress's approval of the World Trade Organization (WTO) agreement that was provided under section 101(a) of the implementing legislation (Public Law 103-412). If the United States were to withdraw from the WTO, any subsequent changes in U.S. collections of tariff duties could have significant budgetary effects. However, the ultimate impact of the legislation is unclear. In particular, it is not clear that enactment of this resolution would require the United States to withdraw from the WTO—and even if it did, there might not be any changes in tariffs. Based on information from the Administration in the past that suggests that such legislation would not affect the application of the WTO agreement to the United States, CBO concludes that enacting H.J. Res. 27 would probably have no budgetary impact.

H.J. Res. 27 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments. Withdrawing from the WTO would broaden the conditions under which the U.S. government could impose trade restrictions on imports. Trade restrictions—such as increased tariff duties or quota limits more restrictive than under current law—would impose private-sector mandates on importers of affected items. However, because the legislation would probably not affect the application of the WTO agreement to the United States, CBO concludes that H.J. Res. 27 would likely impose no new private-sector mandates as defined in UMRA.

This estimate was prepared by Annabelle Bartsch and Emily Schlect (for federal costs) and Paige Piper/Bach (for the private-sector impact). This estimate was approved by G. Thomas Woodward, Assistant Director for Tax Analysis.